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FOREIGN SERVICE DESPATCH

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FROM: AMEMBASSY, GUATEMALA — DESP. NO. 80

TO: THE DEPARTMENT OF STATE, WASHINGTON. — DATE: July 30, 1954

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SUBJECT: Joint Weeka No. 30 for State, Army and Air Departments, from SA, State of Guatemala

DECLASSIFICATION DATE 10/26/60

PER DDRR OFFICE ARA

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SUMMARY: Action office Symbol USIA-6 ARA-15 CB-1 Policy Officer

During the past week the new Guatemalan Government made appreciable progress with the complicated work of reorganizing the nation although an atmosphere of confusion persisted and there was spreading uneasiness in some quarters about the leadership of Lt. Col. Carlos CASTILLO Armas. The major events were the announcement of the establishment of a National Planning Commission to make policy recommendations to the Junta, the promulgation of a new Agrarian Statute which established private ownership by the peasants as a principle but otherwise mostly favored the landowners, and the release of a substantial portion of the 4,000 campesinos and other persons who had been arrested after the overthrow of the Arbenz Government.

The uneasiness concerning Colonel Castillo Armas' leadership came in large part from elements who appear to have thought that the fall of Arbenz would solve all problems. There were also unmistakable signs of criticism of the Colonel by his own followers as well as others for failing to take a firm grip on the situation. A recurrent criticism was that he is spending too much time in public appearances and audiences and too little in solving the government's program and rooting out the Communists, many of whose key leaders are still unaccounted for.

The problem of 700-800 asylees who have been in foreign embassies for a month continued to plague the government, and the Foreign Minister felt obliged to give assurances that Guatemala would live up to the treaties on the subject.

The Roman Catholic "Social Christian" labor organization headed by José CANCELA Bauer, now evidently backed by the Church, has gained considerably more publicity and following at this stage than the "National Committee for Union Reorganization" which was established under the guidance of Serafino ROMUALDI of the AFofL.

DOMESTIC AFFAIRS

Continued Friction Behind the Scene: During the week there was evidence of certain uneasiness about the performance of Colonel

JCHillis
REPORTER

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Castillo Armas as President of the Junta. Although much of this doubtless originated from impatient individuals with little concept of the many and delicate problems of cleaning up the wreckage of the Arbenz Regime, even a number of Castillo's staunchest supporters expressed concern that he was spending too much time in public appearances and audiences while Colonel MONZON, who works in shirtsleeves at the Palace until eleven at night, was doing the real work of government. Despite widespread suspicion that Monzón was trying to build a personal following, there was little real evidence that he was not working loyally. One of Castillo's lieutenants, working with him, went so far as to say he was indispensable. But there was much criticism of what was regarded as Castillo's lack of leadership, a senior officer who served with his Liberation Army, being reliably quoted as saying, "He is another Arana. He doesn't know how to do anything. He doesn't order." The reference was to the popular but easy-going Chief of the Armed Forces whose assassination in 1949 opened Arbenz' way to the presidency.

That there was some substance to this charge that a firm hand at the helm was lacking was evidenced by the continued grumbling of a number of important groups, especially in the Regular Army and the Liberation Forces. In the regular military establishment officers identified with Castillo have been given such key jobs as Chief of Staff, Chief of the Air Force, and Chief of the Guatemala City Military Base, but, as one of his political supporters complains, Castillo has done very little to build up a personal military following in the officer corps. Meanwhile, several reports from reliable quarters indicate that the Liberation Army still stationed in Zacapa and Chiquimula is becoming more and more dissatisfied. Its entry into Guatemala City has been repeatedly postponed, its supply situation is unsatisfactory and, according to one source, the men have not been paid. Some of its members are reported to be deserting and going home in small groups.

In the capital, an atmosphere of disorganization and factional intrigue continued to impede orderly government. Appointments to government jobs were made at the suggestion of one faction and cancelled a few hours later at the denunciation of another. Several persons were denounced and had their property frozen on suspicion of collusion with the past regime, only to get themselves removed from the pertinent lists after clearing themselves. Job hunters and petitioners with special grievances blocked the hallways of the National Palace.

National Planning Commission Established With Secret Membership to Bring Order in Government Program: In a further effort to bring some order out of the situation, the Junta by a decree announced on July 28, established a "National Planning Commission" with power to recommend the lines of policy the government should follow and to recommend any necessary revision of the existing laws. The Commission, which has been functioning since July 16, has one unusual feature: its membership is, like the newly-founded

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"Committee for National Defense Against Communism," kept confidential. Thus the Guatemalan public is not aware of who is handling two problems of paramount interest to it, the formulation of a government program and the eradication of Communism.

New Agrarian Statute Promulgated: After days of frantic labor by Colonel Monzón and the Junta's legal advisers, the Junta on July 26 issued an "Agrarian Statute" as interim legislation to replace the Arbenz Agrarian Reform Law until a new agrarian law could be drawn up. The interim Statute set forth as principles that land should be given out as private property, and that idle land was incompatible with national prosperity, and it further provided that persons who had received land legally under the previous Agrarian Reform should keep it under the same conditions under the new law. However, it made no specific provision for giving title to the land as private property, it provided that there would be no more expropriations under the new law, and it repealed the "forced rental" laws under which peasants had been able to force landowners to rent them idle land. Thus Guatemala's peasants are effectively barred from getting more land through the government until a new Agrarian Law is passed, and the Junta had previously announced that this will not occur until a new Constitution is in force, perhaps over two years from now. On the other hand, almost half of the new Statute is devoted to establishing procedures by which landowners and others subjected to illegal application of the former law could get their property back immediately.

De-Communization Campaign: Starting on July 21 the authorities began releasing some of the 4,000 persons, mostly farm union leaders, who were arrested on charges of Communist activities in the first days after the fall of the previous government. To date some 1,500 have been released after being screened by a special committee presided over by Gabriel MARTINEZ del Rosal, Undersecretary of the Interior, and required to undertake to stay out of politics until a new Constitution comes into force.

No significant arrests of Communists were reported during the week and there was no further confirmed information on the whereabouts of the missing Communist leaders (Weeka 29), although the press reported that Victor Manuel GUTIERREZ had slipped into the Mexican Embassy.

FOREIGN AFFAIRS

Problem of Asylum: A month having elapsed since almost 800 persons of the Arbenz regime took refuge in foreign embassies, the problem of what to do with these people became more than ever the new regime's most pressing foreign policy problem. The Latin American Ambassadors who shelter asylees showed increasing irritation at the Foreign Ministry's delay in granting safeconducts and had the backing of their governments to such an extent that

high officials here expressed real fear that Guatemala would be hauled before the OAS for violation of the treaties on asylum. Bending under this pressure, Foreign Minister SALAZAR gave a press conference in which he no longer spoke of holding back safeconducts but gave assurances that Guatemala would live up to the letter of existing treaties. The Foreign Ministry is getting underway a program to grant safeconducts first to children under 12 and women not in politics and then to minor figures as it is determined there are no criminal charges against them. What will happen about leading Communists, President Arbenz, and others deeply implicated in his regime has not yet been determined.

All But Two American Republics Recognize New Regime: The Foreign Ministry unofficially informed the press on July 28 that the new Guatemalan Government had been recognized by every American Republic except Uruguay and Ecuador. In addition, the United Kingdom extended its recognition on July 26. The others recognizing the new government, according to the Foreign Ministry, are France, Italy, Spain, Belgium, Denmark, Sweden, Lebanon, Nationalist China, and the Holy See.

Reorganization of the Diplomatic Service: The Foreign Ministry continued during the week in its campaign to purge the diplomatic service of elements compromised in the Communist orientation of the Arbenz regime. The appointments have been announced of Lieutenant Colonel José Luis CRUZ Salazar, former Junta member, as Ambassador to the U.S.; Roberto HERRERA Ibargüen, member of a large landowning family, as Ambassador to El Salvador; Colonel Enrique PERALTA, former Military Attaché in Washington and close friend of new Army Chief of Staff Oscar MENDOZA, as Ambassador to Costa Rica; Mario Efraín NAJERA Farfán, former official of the Arévalo regime who opposed Arbenz, as Ambassador to Mexico; Colonel Marco Aurelio MERIDA, Consul General in New Orleans, as Ambassador to Honduras; Humberto VIZCAINO Leal, ex-anti-Communist Deputy, as Ambassador to Spain; and Felix ESTRADA Crantes as Ambassador to the Dominican Republic. Conservative elements were critical of the appointment of Nájera Farfán to Mexico on the grounds that his participation in the Arévalo Government from 1945 to 1947 tainted him.

LABOR

Catholic Labor Group Gains Strength: The "Social Christian" labor movement Nuevo Mundo headed by José GARCIA Bauer (Weeka 29) appears to have gained considerable advantage over the "National Committee for Union Reorganization" (CNRS) headed by Rubén VILLATORO and largely sponsored by Serafino ROMUALDI of the AFofL. The Roman Catholic group now claims 60,000 members in affiliated unions and there is now every indication that it has the support of Archbishop Mariano ROSSELL y Arellano and Msgr. GIRON Perrone, vicar of the Cathedral who plays a key role in Church welfare activities. García Bauer's organization has received the bulk of the publicity in the

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local press, and El Imparcial has published an attack on Villatoro while El Espectador and Oscar Conde's "Radio Sucessos" have carried sharp attacks on the role of United States labor leaders in the reorganization of Guatemala's labor movement.

MILITARY

Financial Reward Tendered Army of Liberation: A group of patriotic citizens, primarily wealthy landowners, paid homage to the Liberation Forces of Castillo Armas by donating a sum of $30,115 for distribution among the troops. This is reported to be the first in a series of such voluntary contributions.

No More "Military Merchants": In unequivocable language Castillo Armas, President of the Junta, made his intention clear to end an age-old military custom of supplementing Government salaries through commercial pursuits. He declared that such activities were incompatible with the honesty and integrity of military positions and that henceforth such practices would not be permitted.

FOR THE AMBASSADOR:

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